THE DEPUTY SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

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The Honorable William E. Colby
Director of Central Intelligence
Washington, D. C. 20505

Dear Bill:

(U) In your letter of March 9th, you requested concurrence and comments
of the members of NSCIC on the Key Intelligence Questions (KIQs). I
share your objective of developing a good management tool (1) for the
allocation of intelligence resources against high priority questions and
(2) for measuring the effectiveness of the intelligence community. Al-
though I support the KIQ process and evaluation system in principal, I
believe that the specific KIQs for FY 1974 submitted to the NSCIC lack
the precision needed for effective resource allocation and performance
evaluation. As we proceed in the next few months to define the KIQs for
FY 1975, I think we should make the questions as specific as possible
for both guidance and evaluation purposes.

(S) In preparing the intelligence questions I forwarded to you in December
1973 we endeavored to be as specific as possible and to limit them to
issues where a really good report would demonstrably influence policies
or decisions of the Department of Defense. In the list of key intelligence
questions which you have circulated for approval by the NSCIC, some
questions of importance to the Department of Defense were not included
or were subsumed within more general phrasing. For example, specific
emphasis on Soviet perceptions of U. S. objectives in NATO, the Middle
East, and SALT was broadened to a question on Soviet conceptions of U. S.
objectives in detente. The specific question of the Soviet estimate of the
CEP of their ICBMs relates to our ability to estimate the intended uses
of their strategic offensive forces and this question was not included in
the KIQ list although it was indirectly included by reference to hard target
capability. In the general purpose forces area, two noteworthy changes
were: (1) the deletion of specific questions about anti-ship cruise missiles,
and (2) the rephrasing of a question about whether the Soviets are storing
nuclear weapons in Eastern Europe, and, if so, in what quantities and
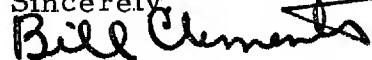
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where, to a question of whether storage depots in that area are available.
(We know that storage depots are available, we need to know what is in
them.)

(U) Finally, it seems to me that three cautionary notes should be
sounded to insure the usefulness of the KIQ process for future resource
allocation in DoD. First, to be an effective management tool, the num-
ber of questions should be severely limited. Second, in order for the
DoD budgetary process to support agreed on high priority intelligence
questions, we should endeavor to see that these questions provide a
timely input at key points in the Annual DoD Budget Review. Third,
Defense Department intelligence resources, of course, serve important
departmental needs and missions which may not be reflected in a restricted
list of KIQs and we, of course, must retain the flexibility to reallocate
resources as essential departmental requirements develop. For example
we keep current a set of critical near term defense intelligence objectives
to meet internal defense requirements. Therefore, the KIQ process
should not be regarded as a comprehensive basis for recommending
resource allocations. We do not feel that these practical considerations
are serious problems in the process you are developing and I know
you have them in mind.

(U) We support your efforts in this direction and will be pleased to
continue to work with you in the development of a meaningful Key Intel-
ligence Questions process. This process should include an effective
procedure for measuring consumer satisfaction. This would be beneficial
to institute as soon as possible.

Sincerely,

Bill Clements